

Compliance Assessment Sampling Plan – 9802.00.90

CAT KIT Exhibit 13

| Attribute, Test, Error(s) & Criteria | Sampling Parameters | Universe | Potential Sampling Frame(s) | Evaluation of Compliance Testing & Actions Needed |
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| <p>Attribute : Did the American-made fabricated components which are returned to the U.S. as parts of articles assembled abroad qualify under the Subheading 9802.00.90 HTSUS in accordance with Section 401 of the Tariff Act of 1930, as amended?</p> <p>Test (Primary Audit Steps):</p> <ol style="list-style-type: none"> (1) Determine eligibility for each sampled item. <ol style="list-style-type: none"> a) Verify that the claimed components meet requirements for HTSUS 9802.00.90 treatment <ul style="list-style-type: none"> • No drawback claimed on component(s) • Fabric was wholly formed and cut in the U.S. • Component(s) were exported in condition ready for assembly without further fabrication • Components were not advanced in value or improved in condition in Mexico except by operations incidental to assembly • Components have not lost their physical identity in the assembled article by change in form or shape b) Verify that the U.S. is the country in which the components were formed and cut. c) Verify that claimed components were actually used to produce imported articles. d) Verify that claimed 9802.00.90 value of the component, whether consigned or sold to the assembler, was the cost or value at the time of export for assembly. Ensure claimed value included all costs (i.e. freight and insurance) to the U.S. port of exportation. (2) Determine if the company's internal control policies and procedures for 9802.00.90 were <ul style="list-style-type: none"> • Documented, and • Produced accurate 9802.00.90 entries. <p>Errors:</p> <ul style="list-style-type: none"> • Components did not meet requirements for HTSUS 9802.00.90 treatment • Failed to prove U.S. origin of formed & cut components • Component not used to produce imported article • Invalid U.S. value • The importer is unable to provide adequate support or information for the 9802.00.90 claim. <p>Criteria for Testing (Statistical Sample or 100% Review):</p> <ul style="list-style-type: none"> • CAT determines that the trade area is a high risk trade area. • Trade area \geq \$10,000,000. | <p>Approach: attribute estimation sampling using the average error rate (point estimate) for evaluating compliance</p> <p>Confidence Level: 95%</p> <p>Sampling Error (Precision): $\pm 5\%$ (10% range)</p> <p>Anticipated Error Rate: 5%</p> | <p>9802.00.90 line items on Customs entries made during the importer's last completed fiscal year</p> | <p>Customs' Records: 9802.00.90 Line Items</p> <p>Importer's Records: Inventory of 9802.00.90 Articles</p> <p>Sampling Frame: _____</p> <p>Validated Sample: <input type="checkbox"/> Yes <input type="checkbox"/> No </p> <p>Frame Size: _____</p> <p>Sample Size: _____</p> | <p>LOL Compliance Rate: ____ %</p> <p>Systemic/Non-Systemic or Recurring Errors?</p> <ul style="list-style-type: none"> – If systemic, recommend importer correct cause of error(s). – If recurring, project the effect and recommend collection of unpaid duties and fees. – If non-recurring, recommend collection of duties and fees on identified errors, if applicable. <p>• LOL Error Rate $\leq 5\%$</p> <ul style="list-style-type: none"> – If internal controls were documented, compliance is at an acceptable level for 9802.00.90. – If internal controls were not documented, coordinate with the Account Manager to help company develop a CIP. <p>• LOL Error Rate $> 5\%$</p> <p>Apply materiality criteria. (CAT Kit Exhibit 32)</p> <p>Materiality Compliance Rate: ____ %</p> <p>• Materiality Compliance Rate is acceptable</p> <ul style="list-style-type: none"> – If internal controls were documented, compliance is at an acceptable level for 9802.00.90. – If internal controls were not documented, coordinate with the Account Manager to help company develop a CIP. <p>• Materiality Compliance Rate is unacceptable</p> <ul style="list-style-type: none"> – If materiality error rate is not acceptable, importer compliance for 9802.00.90 is not acceptable. Coordinate with the Account Manager to help company develop a CIP. <p>Prepare results sheet and refer to the Enforcement Evaluation Team (EET) if findings meet the EET impact level for referral.</p> |